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ABSTRACT

In the nonprofit sector, greater attention is being focused on individuals who have a vision for social change and financial resources to support their ideas. These social entrepreneurs exhibit all the skills of successful businesspeople and a powerful desire for social change. Others have described them as follows: (1) pathbreakers with a powerful new idea, who combine visionary and real-world problem-solving creativity, have a strong ethical fiber, and are totally possessed by their vision for change; (2) people who attempt to take innovative approaches to social and other issues; and (3) pioneers who are discovering that entrepreneurship can help them meet community needs and become more financially self-sufficient. The raw materials of social entrepreneurship include the following: candor, passion, clarity in mission, commitment, core values, customer-driven products and services, sound business concepts, a willingness to plan and build the right team, have sufficient resources, and an ability to improvise. For-profit and nonprofit entrepreneurs are different. For-profit entrepreneurs get strength from personal skills and knowledge, focus on short-term financial gain, have no limit on scope of ideas, have profit as an end, and pocket or reinvest profit for further profit. Social entrepreneurs get strength from collective wisdom and experience, focus on long-term capacity, have ideas limited by mission, have profit as a means, and put profit into serving people. More colleges are offering programs or courses focusing on social entrepreneurship. (Four Internet resources for social entrepreneurs are summarized.) (YLB)

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Digest

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Social Entrepreneurship: Profit as a Means, Not an End

By Gwyer Schuyler

Introduction

An estimated 800,000 nonprofit organizations have been established in the past thirty years (Bornstein, 1998). Management and innovation in the nonprofit sector are seen by such notable experts as Peter Drucker as the most vital challenges of the present era. The nonprofits are also seen as a growing source of solutions to issues that currently plague society, such as poverty, crime, and abuse. Within this sector, greater attention is being focused on those individuals who have a vision for social change and who have the financial resources to support their ideas. Those individuals, known as social entrepreneurs, exhibit all the skills of successful business people as well as a powerful desire for social change. This digest reviews definitions of social entrepreneurship, outlines the qualities necessary to be a successful social entrepreneur, clarifies the differences between for-profit and nonprofit entrepreneurs, and discusses efforts to train social entrepreneurs. In conclusion, Internet resources f social entrepreneurs are summarized.

What is Social Entrepreneurship

Social entrepreneurship has been defined in many ways. For example, social entrepreneurs are described as:

- "Pathbreaker(s) with a powerful new idea, who combines visionary and real-world problem-solving creativity, who has a strong ethical fiber, and who is 'totally possessed' by his or her vision for change" (Bornstein, 1998);
- "People who attempt to take innovative approaches to social and other issues, most often with the use of traditional business skills applied in order to achieve some type of social goal" (The Roberts Enterprise Development Fund.<A HREF = "http://www.redf.org"> http://www.redf.org</A>);
- "Pioneers (who) are discovering that entrepreneurship can help them simultaneously meet community needs and become more financially self-sufficient" (The National Center for Social Entrepreneurs, <A HREF = "http://www.socialentrepreneurs.org"> http://www.socialentrepreneurs.org</A>); and
- "Nonprofit executives who pay increasing attention to market forces without losing sight of their underlying missions" (Boschee, 1998).

What does it Take to be a Social Entrepreneur?

Jerr Boschee, the President and CEO of the National Center for Social Entrepreneurs, sees the "nonprofit mentality" - the belief that capitalism and profits are social evils - as the "single greatest obstacle" in the implementation of entrepreneurial strategies (Boschee, 1998). From experience working with social entrepreneurs, he has come up with what he terms the "raw materials" of social entrepreneurship: 1) Candor; 2) Passion; 3) Clarity in your mission; 4) Commitment; 5) Core Values; 6) Products and services driven by customers; 7) Sound business concepts; 8) Willingness to plan; 9) Building the right team; 10) Having sufficient resources; and 11) Ability to improvise. Overcoming the nonprofit mentality with these skills is the formula for success for the social entrepreneur.

Differences Between For-Profit and Non-Profit Entrepreneurs

Recognizing the similarities between profit and nonprofit entrepreneurs - such as an action orientation and a focus on profitability, Thalhuber (1998) notes several major differences:

For-Profit Entrepreneurs:

- Strength from personal skills and knowledge
- Focus on short-term financial gain
- No limit on scope of ideas
- Profit is an end
- Profit pocketed or reinvested for further profit

Social Entrepreneurs:

- Strength from collective wisdom and experience
- Focus on long-term capacity
- Ideas limited by mission
- Profit is a means
- Profit put into serving people

Educating Social Entrepreneurs

More and more colleges and universities are offering programs or courses that focus on social entrepreneurship. The ability to combine business with social purpose has become attractive to many students. Professor Jon

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Goodman, director of the entrepreneurial program at the University of Southern California's School of Business, reports that students with social interests are serious about their work: "The students I see are not laid back or lowering their expectations. Many have a real need to engage in something they consider meaningful" (Lord, p. 103).

Often, students pursuing social entrepreneurship may not be considered typical. Instead, they may be activists or community - based organizers on a mission to actualize their entrepreneurial dream. For example, Robbie Pentecost is a nun getting her business degree at St. Louis University. Her business plan for a restaurant run by a Catholic charity would employ mentally-ill homeless people, give them on-the-job training and also bring in revenue for the charity itself. Upon completing the MBA program, Pentecost plans to seek corporate funding to actualize her community-based plans (Graves, 1995).

Graduate School of Business Administration. The course, entitled Entrepreneurship in the Social Sector, involves living cases of social entrepreneurship to achieve three primary objectives: 1) to understand the challenges and rewards of social entrepreneurship; 2) to build knowledge and skills to respond to challenges creatively; and 3) to learn of the different organizational forms that social entrepreneurship can come in. In the course overview, Dees synopsizes the need for courses on social entrepreneurship:

"The boundaries between business, government, and the nonprofit sector are shifting as societies search for better ways to provide socially important goods and to solve social problems. This reinvention of the social sector is creating a variety of entrepreneurial opportunities for those who can find creative and efficient ways for private organizations to contribute to the social good" (Dees, 1996, p.3).

Resources for the Social Entrepreneur

Ashoka: Innovators for the Public is a foundation that promotes social change by finding and funding social entrepreneurs. As of 1998 and after 17 years in business, Ashoka has funded 180 social entrepreneurs working on education and children's issues, 147 working on the environment, 104 on income generation and poverty alleviation, 101 on women's issues and fifty-three on disability (Bornstein, 1998). Ashoka publishes an online journal at http://www.changemakers.net that highlights social entrepreneurs and their projects.

echoing green is a foundation based in New York that "applies a venture capital approach to philanthropy," providing seed money and technical support to social entrepreneurs. Emphasizing start-up projects, echoing green has funded 250 social entrepreneurs worldwide in education, arts, health, and human/civil rights. The process is a competitive one - only 10 percent of the applicants receive funding. Resources on the foundation's website include a newsletter that presents the Fellows' projects and other publications related to organizational development, finances, personnel, and public relations. echoing green can be found at: www.echoinggreen.org.

The National Center for Social Entrepreneurs and the affiliated ***International Centre for Social Entrepreneurs*** both have the mission "to encourage entrepreneurship throughout the nonprofit sector and to help individual nonprofits think and act in an entrepreneurial manner." The National Center offers seminars, consulting, and business services to social entrepreneurs. They have an extensive collection of resources and learning materials available on their website : www.socialentrepreneurs.org

The Roberts Enterprise Development Fund (REDF), a project of the Roberts Foundation in the San Francisco area, was created to "expand economic opportunity for homeless and very low-income individuals through the creation of social purpose business ventures." The REDF provides multi-year funding to social entrepreneurs and access to business technical assistance from MBA interns. Currently, the REDF supports eight nonprofit organizations that are operating 25 business ventures. More information can be found, including a downloadable form of the book, New Social Entrepreneurs: The Success, Challenge and Lessons of Non-Profit Enterprise Creation, at their website: www.redf.org.

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